

# ORDINANCE NO. 355

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS OF THE CITY OF LAS ANIMAS, COLORADO, IN THE PRINCIPAL AMOUNT OF \$95,000; PRESCRIBING THE FORM AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND THE INTEREST THEREON AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Las Animas, Colorado, has been duly authorized to own and operate a water system, and for many years has operated and maintained such a system; and

WHEREAS, in order to provide funds for improving the water system of the City of Las Animas, the City Council has determined to issue Water Revenue Bonds in the principal amount of \$95,000, payable solely from the net revenues of the water system in accordance with Chapter 139, Article 52, Colorado revised Statutes 1963; and

WHEREAS, Notice of Sale of said Bonds has been duly given in accordance with law and said Bonds have been awarded to The J. K. Mullen Investment Company of Denver, Colorado, the highest and best bidder therefor; and

WHEREAS, the estimated useful life of the facilities to be constructed is not less than 30 years; and

WHEREAS, the City Council desires at this time to authorize the issuance of \$95,000 of said bonds;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAS ANIMAS:

Section 1. That for the purpose of paying the costs and expenses of improving the water system of the City, there are hereby authorized Water Revenue Bonds of the City of Las Animas in the principal amount of \$95,000, both the principal thereof and the interest thereon to be payable solely out of the net revenue derived and to be derived by the City from the operation of its water system.

Section 2. That said bonds hereby authorized shall be dated April 1, 1965, shall be in the denomination of \$1,000 each, shall be numbered 1 to 95, inclusive, shall be payable to bearer, shall bear interest payable April 1, 1966 and semi-annually thereafter on April 1 and October 1 each year, and shall mature on April 1, as follows:

| Amount   | Maturity | Interest Rate |
|----------|----------|---------------|
| \$ 8,000 | 1966     | 3 1/2         |
| 8,000    | 1967     | 3 1/2         |
| 9,000    | 1968     | 3 1/2         |
| 9,000    | 1969     | 3 1/2         |
| 9,000    | 1970     | 3 1/2         |
| 10,000   | 1971     | 3 1/2         |
| 10,000   | 1972     | 3 1/2         |
| 10,000   | 1973     | 3 1/2         |
| 11,000   | 1974     | 3 1/2         |
| 11,000   | 1975     | 3 1/2         |

Bonds will not be optional for redemption prior to their respective maturities.

Both principal and interest on said bonds shall be payable at the office of the City Treasurer, in Las Animas, Colorado.

Said bonds shall be signed by the Mayor, with the seal of the City thereto affixed, attested by the City Clerk and countersigned by the City Treasurer, and the coupons attached thereto shall bear the facsimile signature of the City Treasurer. Should any officer whose signature or facsimile signature appears on said bonds or the coupons thereto attached cease to be such officer before delivery of the bonds to the purchaser, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes.

Section 3. Said Water Revenue Bonds and the interest coupons thereto attached shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF BENT

## CITY OF LAS ANIMAS WATER REVENUE BOND

No. \_\_\_\_\_ \$1,000  
The City of Las Animas, in the County of Bent and State of Colorado, for value received, hereby promises to pay to the bearer hereof out of the special fund hereinafter designated, but not otherwise, the sum of \_\_\_\_\_

ONE THOUSAND DOLLARS  
in lawful money of the United States of America on the 1st day of April, 19\_\_\_\_, with interest thereon at the rate of \_\_\_\_\_

per centum (\_\_\_\_%) per annum, payable on April 1, 1966, and semi-annually thereafter on the 1st day of April and the 1st day of October each year, according to the interest coupons hereto attached, both principal and interest being payable at the office of the City Treasurer, in Las Animas, Colorado, upon presentation and surrender of said coupons and this Bond as they severally become due.

This Bond is issued by the City of Las Animas for the purpose of paying the costs and expenses of improving the water system of the City, all in conformity with Chapter 139, Article 52, Colorado Revised Statutes 1963, and pursuant to an Ordinance of the City duly adopted

and published prior to the issuance hereof, and both the principal of this Bond and the interest hereon are payable solely out of a special fund created in full conformity with law and designated the "Water Revenue Bond and Interest Fund" of the City, as provided in said Ordinance. This Bond does not constitute a debt of the City of Las Animas within the meaning of any constitutional or statutory limitation.

It is hereby certified, recited and warranted that for the payment of this Bond, the City of Las Animas has created and will maintain said Fund and will deposit therein, out of the net revenue of its water system the amounts and revenue specified in said Ordinance, and out of said Fund and as an irrevocable charge thereon will pay this Bond and the interest hereon in the manner provided by said Ordinance.

It is further recited and certified that all requirements of law and all conditions precedent have been fully complied with by the proper officers of said City in the issuance of this Bond.

IN TESTIMONY WHEREOF, the City of Las Animas, Colorado, has caused this Bond to be signed by its Mayor, sealed with the seal of the City, attested by the City Clerk, and countersigned by the City Treasurer, and the interest coupons hereto annexed to be signed with the facsimile signature of the City Treasurer as of the 1st day of April, 1965.

Mayor  
COUNTERSIGNED:  
(SEAL)

City Treasurer  
ATTEST:  
City Clerk  
(Form of Coupon)

No. \_\_\_\_\_ \$\_\_\_\_\_  
On the 1st day of April, 19\_\_\_\_, the  
October  
City of Las Animas, in the County of Bent and State of Colorado, will pay to bearer hereof \_\_\_\_\_

DOLLARS  
in lawful money of the United States, at the office of the City Treasurer, in Las Animas, Colorado, out of the Water Revenue Bond and Interest Fund of said City, but not otherwise, being one year's interest on its Water Revenue Bond, dated April 1, 1965, bearing

No. \_\_\_\_\_  
Facsimile Signature  
City Treasurer

Section 4. Said bonds shall be issued and sold for cash at not less than par, solely to provide the City with monies for the purpose herein specified and for costs and expenses incidental thereto and in connection therewith, but neither the purchaser of said bonds nor the subsequent holder of any of them shall be responsible for the application or disposal by the City or any of its officers of the funds derived from the sale thereof. The issuance of said bonds by the City shall constitute a warranty by and on behalf of the City for the benefit of each and every holder of said bonds that said bonds have been issued for a valuable consideration, in full conformity with the law.

Section 5. The principal of and interest on said bonds shall be payable out of the Water Revenue Bond and Interest Fund specified in this Ordinance. The term "water system" as herein used shall include not only the property comprising said water system at the present time, but all additions and betterments thereto and improvements and extensions hereafter constructed or acquired by the City.

Section 6. The City Council of the City covenants that it will establish, maintain and enforce rates and charges for services rendered by the water system to create income and revenue sufficient to cover 1.25 times the average annual interest on and principal of the bonds authorized herein and to provide for the reserve fund hereinafter mentioned.

It shall be the duty of the City to establish, maintain and enforce such rates continuously until all of said bonds and the interest thereon have been fully paid and discharged.

Section 7. The City hereby creates and establishes, and so long as any of the bonds authorized herein remain outstanding it will maintain a special fund to be known as the "Water Revenue Bond and Interest Fund," to be kept separate and apart from all other funds of the City, which Fund shall contain all of the revenue to be derived by the City from the operation of its water system after paying the necessary costs of operating and maintaining such system in an efficient and economical manner. The owners and holders of the bonds authorized herein shall have a first and prior lien on said net revenues and Fund. Such revenues are hereby irrevocably pledged for the following purposes and shall be disbursed in the following order:

(a) For the prompt payment of the interest on and the principal of the bonds authorized herein when and as the same shall become due and payable respectively.

(b) For a "Reserve Fund" aggregating not less than \$12,000, to be accumulated as follows: There shall be deposited an amount of not less than \$4,000 on or before April 1, 1966, and an amount of not less than \$4,000 on or before April 1, in each of the years 1967 and 1968. The money in the Reserve Fund may be used to prevent defaults in the payment of said bonds and interest thereon, but if used for such purpose, it shall be restored to the Reserve Fund as soon as possible. Said Reserve Fund shall be maintained until such time as the amount therein will be sufficient to pay all of the outstanding Water Revenue Bonds authorized herein and the interest thereon. Monies in the Reserve Fund may be invested in direct obligations of the United States Government or in obligations or securities of any agency or instrumentality thereof, and the interest from any such investments shall be considered as net revenue of the system.

(c) When the Reserve Fund has been accumulated, remaining revenues of the system may be used for the purchase of bonds of this issue on the open market at market prices, for the redemption and refunding of such bonds as provided herein or as provided by law, for extensions of or improvements to said system or for the payment of principal and interest of additional bonds payable out of the revenues of said system, as hereinafter provided.

Section 8. The City hereby further irrevocably covenants and agrees with each and every holder of said Water Revenue Bonds issued under the provisions of this Ordinance that so long as any of said bonds remain outstanding:

(a) It will continue to operate and manage its water system in an efficient and economical manner and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the revenue thereof, payable into the Water Revenue Bond and Interest Fund, may at all times be readily and accurately determined.

(b) It will, through appropriate action of the City Council, establish, maintain and enforce the schedule of rates and charges for water services furnished by said system to insure the efficient and economical operation and maintenance of the system, the payments of the principal of and interest on all Water Revenue Bonds of this issue promptly as the same become due and the accumulation and maintenance of the Reserve Fund provided herein. In the event that such water rates and charges at any time should not be sufficient to meet such payments, the City shall increase its water rates and charges to such an extent as to insure the payments and accumulations required by the provisions of this Ordinance.

(c) It will not sell or alienate any of the property constituting any part or all of its water system in any manner or to any extent as might reduce the security provided for the payment of said Water Revenue Bonds by means of and out of said Water Revenue Bond and Interest Fund, created and established by this Ordinance, but the City may sell any portion of such property which shall have been replaced by other similar property of at least equal value, or which shall cease to be necessary for the efficient operation of said system; provided, however, that in the event of any sale or sales, as aforesaid, where the aggregate consideration exceeds the sum of \$1,000, such consideration shall be paid into said Water Revenue Bond and Interest Fund and shall be used for the purposes of said Fund.

(d) It will promptly render bills for water services furnished and it will certify to the Board of County Commissioners of Bent County, Colorado, delinquent rates and charges which shall become a lien on the delinquent property, the amount thereof to be collected in the same manner as general taxes are collected.

(e) At least once each year it will furnish the original purchasers of said bonds a statement of the receipts of and the disbursements for its water system for the fiscal year immediately preceding each statement.

(f) It will carry workmen's compensation, public liability and such other forms of insurance on insurable water property as would ordinarily be carried by utilities having similar properties of equal value, such insurance being in such amounts as will protect said water system and its operation.

(g) It will discontinue water service to the user thereof if bills for water service are not paid by such user when due.

Section 9. That nothing in this Ordinance shall be construed in such manner as to prevent the issuance by said City of Las Animas of additional bonds payable from the income and revenue derived from the

operation of its water system; provided, however, that while any of the bonds authorized by this Ordinance are outstanding, the City will not issue any additional bonds payable from the income of said system and having a lien on such income on a parity with the lien of the Water Revenue Bonds authorized herein. Nothing herein shall prevent the City from issuing bonds having a junior or inferior lien on the income and revenue of said system.

Section 10. All costs and expenses incurred in connection with the issuance and payment of the Water Revenue Bonds authorized herein shall be paid exclusively from the proceeds of said bonds or from the revenue of said water system, and in no event shall any of such costs or expenses, or the principal of or interest on said bonds, be paid out of or charged to the general funds or tax levies of the said City.

Section 11. All ordinances, or parts thereof, in conflict with this Ordinance are hereby repealed. After said Water Revenue Bonds have been issued, this Ordinance shall be irrevocable until said bonds and the interest thereon shall be fully paid, satisfied and discharged in the manner herein provided.

Section 12. That if any one or more sections or parts of this Ordinance shall be adjudged unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance, it being the intention that the various provisions hereof are severable.

Section 13. By reason of the fact that the City is not supplied with adequate water facilities, it is hereby declared that an emergency exists, that this Ordinance is necessary for the preservation of the public peace, health and safety, and that it shall take effect five days after its final publication.

ADOPTED AND APPROVED This 15th day of March, 1965.

(SEAL)

LEONARD HUDNALL  
Mayor

MRS. VERA WYGLE,  
City Clerk

Published March 18, 1965 in the  
Bent County Democrat.